FORM D



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM D

NOTICE OF SALE OF SECURITIES PURSUANT TO REGULATION D, **SECTION 4(6), AND/OR** UNIFORM LIMITED OFFERING EXEMPTION

1266	146
OMB AP	PROVAL
OMB Number:	3235-0076
Expires:	April 30, 2008
Estimated average t	ourden
hours per form	16.00

	SEC U	SE ONLY	
Prefix		•	Serial
	1	- 1	
	DATE	RECEIVED	i
	1		

Name of Offering ([] check if this is an amendment and name has changed, and indicate change.)					
Medsphere Systems Corporation - Conver	tible Promissory Note and Preferred Stoo	k Warrant Financing			
Filing Under (Check box(es) that apply):	[] Rule 504 [] Rule 505	[X] Rule 506 []S	ection 4(6) ULOE		
Type of Filing: [X] New Filing	[] Amendment				
	A. BASIC IDENTIFICATION	N DATA	PEOEIVED		
1. Enter the information requested about th	ne issuer	y	1		
Name of Issuer ([] check if this is an amend	ment and name has changed, and indicate c	hange.)	DEL X R SOOP		
Medsphere Systems Corporation		.,	13		
Address of Executive Offices	(Number and Street, City, State, Zip Code)		ng Area Code)		
120 Vantis, Suite 405, Aliso Viejo, CA 920		(949) 297-4050	161 65		
Address of Principal Business Operations	(Number and Street, City, State, Zip Code)	Telephone Number (Includi	ng Area Còde)		
(if different from Executive Offices)					
Brief Description of Business		1			
Development of healthcare information te	chnology applications	۸ ۸ /	PROCESSED		
Type of Business Organization	canoragy apparations	1/10	- INDICEOULD		
[X] corporation	[] limited partnership, already forme	d ∫[lothe	er (please specify): 2007		
business trust	[] limited partnership, to be formed	I_{r} ,	(JAN I 1 2007		
	Month Y	'ear	THOMCON		
Actual or Estimated Date of Incorporation or		2002] [X] Ac	THOMSON ated		
Jurisdiction of Incorporation or Organization:	(Enter two-letter U.S. Postal Ser	vice abbreviation for State:	-IIVANCIAL		
	CN for Canada; FN for foreign j	urisdiction)	[DE]		

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where to File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

A. BASIC IDENTIFICATION DATA

- 2. Enter the information requested for the following:
 - Each promoter of the issuer, if the issuer has been organized within the past five years;
 - Each beneficial owner having the power to vote or dispose, or direct the vote or disposition, of, 10% or more of a class of equity securities of the issuer;
 - Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
 - Each general and managing partner of partnership issuers.

Check Box(es) that Apply:	[] Promoter [] Beneficial Owner	[] Executive Officer	[X] Director			
	General and/or Managing Partner					
Full Name (Last name first, if indivi	dual)					
Crowder, David			· · · · · · · · · · · · · · · · · · ·			
	mber and Street, City, State, Zip Code)					
1950 University Avenue, Suite 501		(11) 0 1 0 00	GD D'			
Check Box(es) that Apply:	[] Promoter [] Beneficial Owner	[X] Executive Officer	[X] Director			
Evil Name (Lent name Cont. Scientis)	General and/or Managing Partner					
Full Name (Last name first, if indivi Kizer, Kenneth W.	iduai)					
	mber and Street, City, State, Zip Code)					
120 Vantis, Suite 405, Aliso Viejo						
	Promoter Beneficial Owner	[] Executive Officer	[X] Director			
Check Box(es) that rippiy.	[] General and/or Managing Partner	[] Executive Officer	[A] Director			
Full Name (Last name first, if indivi						
Augustin, Larry	,					
Business or Residence Address (Nu	mber and Street, City, State, Zip Code)					
120 Vantis, Suite 405, Aliso Viejo						
	Promoter Beneficial Owner	Executive Officer	[X] Director			
. ,,	[] General and/or Managing Partner		•			
Full Name (Last name first, if indivi						
Efstratis, Nicholaus	- -					
Business or Residence Address (Nu	mber and Street, City, State, Zip Code)					
15 West South Temple, Suite 520,						
Check Box(es) that Apply:	[] Promoter [] Beneficial Owner	[] Executive Officer	[X] Director			
	General and/or Managing Partner					
Full Name (Last name first, if indivi	idual)					
Prust, Randy		· · · · · · · · · · · · · · · · · · ·	<u> </u>			
	mber and Street, City, State, Zip Code)	•				
120 Vantis, Suite 405, Aliso Vieje	o, CA 92656	(15 000	BVI Discotor			
Check Box(es) that Apply:	[] Promoter [] Beneficial Owner [] General and/or Managing Partner	[] Executive Officer	[X] Director			
Full Name (Last name first, if indivi						
Kwatinez, Mike	idual)					
	mber and Street, City, State, Zip Code)					
650 California Street, 11th Floor						
	Promoter Beneficial Owner	[X] Executive Officer	[] Director			
	[] General and/or Managing Partner	()				
Full Name (Last name first, if indivi						
Shannahan. Michael J.	<u> </u>	·				
Business or Residence Address (Nu	mber and Street, City, State, Zip Code)					
120 Vantis, Suite 405, Aliso Viejo		•				
Check Box(es) that Apply:	[] Promoter [] Beneficial Owner	[X] Executive Officer	[] Director			
	General and/or Managing Partner					
Full Name (Last name first, if indivi	idual)					
Keller, Donald M.	10. 10. 10. 10. 10. 10. 10. 10. 10. 10.					
-	mber and Street, City, State, Zip Code)		•			
1020 Marsh Road, Menlo Park, C		[] Executive Officer	[] Director			
Check Box(es) that Apply:	[] Promoter [X] Beneficial Owner [] General and/or Managing Partner	[] Executive Officer	[] Director			
Full Name (Last name first, if indiv			·- ·			
Shreeve, Scott						
Business or Residence Address (Number and Street, City, State, Zip Code)						
21 Evening Light Lane, Aliso Viej						
		ing of this those as a second				
	(Use blank sheet, or copy and use additional cop	ies of this sheet, as necessary.)	·			

A. BASIC IDENTIFICATION DATA

- 2. Enter the information requested for the following:
 - Each promoter of the issuer, if the issuer has been organized within the past five years;
 - Each beneficial owner having the power to vote or dispose, or direct the vote or disposition, of, 10% or more of a class of equity securities of the issuer;
 - Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
 - Each general and managing partner of partnership issuers.

6		-				
Check Box(es) that Apply:	[] Promoter	[X] Beneficial Owner	[] Executive Officer	[] Director		
S (1) 1 (1) - S - (S) 1	General and/or Ma	anaging Partner	 .			
Full Name (Last name first, if indiv	iduai)	,				
Fatehi, Feyzi		Cara Zin Coda				
Business or Residence Address (Nu 30472 Le Port, Laguna Niguel, C		State, Zip Code)				
Check Box(es) that Apply:	[] Promoter	[X] Beneficial Owner	[] Executive Officer	[] Director		
. ,	[] General and/or Ma	• •	• • •			
Full Name (Last name first, if indiv						
Decoteau, Don	,			•		
Business or Residence Address (Nu	mher and Street City	State 7 in Code)				
10050-29 Scripps Vista Way, Sa		oute, zip code,				
Check Box(es) that Apply:	Promoter	[X] Beneficial Owner	[] Executive Officer	[] Director		
Check Box(cs) that rippiy.	[] General and/or Ma		[] Executive Officer	[] Director		
Full Name (Last name first, if indiv		magnig i minor				
Azure Venture Partners I, L.P. (a)				
Business or Residence Address (Nu			•			
650 California Street, 11th Floor						
Check Box(es) that Apply:	Promoter	[X] Beneficial Owner	[] Executive Officer	[] Director		
Check Box(cs) that rippiy.	[] General and/or Ma	• •	[] Exceptive Street	[] Director		
Full Name (Last name first, if indiv						
Thomas Weisel Venture Partners	•	entities)		4		
Business or Residence Address (Nu						
1950 University Avenue, Suite 50:						
Check Box(es) that Apply:	Promoter	[X] Beneficial Owner	[] Executive Officer	[] Director		
2	[] General and/or Ma			[] =		
Full Name (Last name first, if indiv			**			
Wasatch Venture Fund III, LLC		es)				
Business or Residence Address (Nu						
15 West South Temple, Suite 520,						
	[] Promoter	[X] Beneficial Owner	Executive Officer	[] Director		
• • • • •	[] General and/or Ma		• •			
Full Name (Last name first, if indiv						
Shreeve, Scott	·					
Business or Residence Address (Nu	mber and Street, City,	State, Zip Code)				
21 Evening Light Lane, Aliso Vie	jo, CA 92656					
Check Box(es) that Apply:	[] Promoter	Beneficial Owner	[] Executive Officer	[] Director		
	[] General and/or Ma	anaging Partner				
Full Name (Last name first, if indiv	idual)					
Business or Residence Address (Nu	mber and Street, City,	State, Zip Code)				
Check Box(es) that Apply:	[] Promoter	[] Beneficial Owner	[] Executive Officer	[] Director		
5 15 15 15 15 15 15 15 15 15 15 15 15 15	[] General and/or M	anaging Partner				
Full Name (Last name first, if indiv	idual)					
D. C. D. C. L. Add. and C.		C. 4. 2: C. 4.				
Business or Residence Address (Nu	moer and Street, City,	State, Zip Code)				
Check Box(es) that Apply:	Promoter	Beneficial Owner	[] Executive Officer	[] Director		
Chief Box(co) mar rippiy.	[] General and/or Ma		[] Executive States	() Director		
Full Name (Last name first, if indiv						
Business or Residence Address (Number and Street, City, State, Zip Code)						
(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)						

					INEC	DAGATE	TOP! A	DOLUT:		INC					
				В	i. INFO	KMAT	ION A	BOUT	OFFER	ING		<u> </u>			
1.	Has the issue	r sold, or o	does the is:					tors in this nn 2, if fili						Yes	No [X]
2.	What is the n	ninimum i	nvestment						_			••••••	•••	\$ <u>NO</u>	NE
						•	•							Yes	No
3.	Does the offe	ring perm	it joint ow	nership of	a single ur	uit?						•••••	•••••	{]	[X]
4.	Enter the inforcemuneration agent of a brobe listed are	n for solici oker or de associated	tation of p aler registe persons o	urchasers ered with t f such a br	in connect he SEC an	ion with sa d/or with a	iles of secu	urities in th tates, list th	e offering. ne name of	If a perso	on to be lis or dealer	ited is an as	ssociated	persor	
Ful	l Name (Last п	ame first,	if individu	al) ·			ı								
Bu	siness or Resid	ence Addr	ess (Numb	er and Str	eet, City, S	tate, Zip C	ode)						<u> </u>		
Na	me of Associat	ed Broker	or Dealer	 											
Sta	tes in Which P	erson Liste	ed Has Sol	icited or Ir	itends to S	olicit Purcl	nasers							<u>.</u> .	
	(Charle	"All State	c" or check	e individue	d States)								(1	All Sta	-
	[AL]	[AK]	[AZ]	[AR]	(CA)	[CO]	[CT]	[DE]	[DC]	[FL]	[GA]	[HI]	[J.	All Sia	162
	[IL]	[IN]	[IA]	[KS]	[KY]	[LA]	[ME]	[MD]	[MA]	MI] .	[MN]	MS]	[MO]		
	[MT] [RI]	[NE] ISCI	[NV] [SD]	[NH] [TN]	[NJ] [TX]	[NM] [UT]	[NY] IVT]	[NC] . [VA]	[ND] [WA]	[OH] [WV]	[OK] [WI]	[OR] [WY]	[PA] [PR]		
Ful	li Name (Last n				[1/1]	[0.]		. [• • • •	["71]	1,,,,1	11		1, 101		
Bu	siness or Resid	ence Addr	ess (Numb	er and Str	eet, City, S	tate, Zip C	Code)								,
Na	me of Associat	ed Broker	or Dealer		- · · · · · · · · · · · · · · · · · · ·										•
<u> </u>				• • • •		11 12 D 1									
Sta	tes in Which Po														
		"All State	s" or check		d States)								`	All Sta	tes
	[AL] [IL]	[AK] [IN]	[AZ] [IA]	[AR] [KS]	[CA] [KY]	[CO] [LA]	[CT] [ME]	[DE] [MD]	[DC] [MA]	[FL] (MI)	[GA] [MN]	[HI] [MS]	[ID] [MO]		
	[MT]	[NE]	[NV]	[NH]	[NJ]	[NM]	[NY]	[NC]	[ND]	[OH]	[OK]	[OR]	[PA]		
Ful	[RI] Il Name (Last n	[SC] ame first,	[SD] if individu	[TN]_al)	[TX]	[UT]	[VT]	[VA]	[WA]	[WV]	[WI]	[WY]	[PR]		
Bu	siness or Resid	ence Addr	ess (Numb	er and Str	eet, City, S	tate, Zip C	ode)			<u> </u>				•	
	me of Associat		<u> </u>			., ,				•					
;Na	THE OF ASSOCIAL	cu Blokei	or Dealer				•							· 	
Sta	tes in Which P	erson Liste	ed Has Sol	icited or Ir	itends to S	olicit Purcl	hasers					•	•		
	(Check	"All State	s" or checl	c individua	d States)	••••••							[].	All Sta	ites
	[AL]	[AK]	[AZ]	[AR]	[CA]	[CO]	[CT]	[DE]	[DC]	[FL]	[GA]	, [HI]	[ID]		
	[IL] [MT]	[IN] [NE]	[IA] [NV]	[KS] [NH]	[KY] [NJ]	[LA] [NM]	[ME] [NY]	[MD] [NC]	[MA] [ND]	[MI] [OH]	[MN] [OK]	[MS] [OR]	[MO] [PA]		
	[R1]	(SC)	ISDI	ITNI	(TX)	(LITT	IVTI	[VA]	[WA]	iwvi	(WII	[WY]	IPR1		

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS 1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero." If the transaction is an exchange offering, check this box [] and indicate in the columns below the amounts of the securities offered for exchange and already exchanged. Type of Security Aggregate Amount Already Offering Price Sold Debt..... Equity [] Common [X] Preferred Convertible Securities (including warrants) Preferred Stock Warrants \$0.00 00.02 Partnership Interests Other (Convertible Promissory Notes)..... \$4,500,000.00 \$3,617,500.00 Total \$4,500,000.00 \$3,617,500.00 Answer also in Appendix, Column 3, if filing Under ULOE 2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero." Number Aggregate Dollar Amount Investors of Purchases Accredited Investors.... 12 \$3.617.500.00 Non-accredited Investors Total (for filings Under Rule 504 Only)..... Answer also in Appendix, Column 4 if filing under ULOE 3. If this filing is for an offering Under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C - Question 1. Type of Security Type of Dollar Amount Sold Security Rule 505 Regulation A Rule 504..... a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate... . Legal Fees [X] \$10,000.00 Engineering Fees []

\$10,000.00

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C – Question 1 and total expenses furnished in response to Part C – Question 4.a. This difference is the "adjusted gross proceeds to the issuer."	•	\$3,607,500.00
Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C – Question 4.b above.	·	
	Payments to Officers, Directors, & Affiliates	Payments To Others
Salaries and fees	\$ []	\$
Research and Development []	s []	\$
Purchase, rental or leasing and installation of machinery and equipment []	\$[]	\$
Construction or leasing of plant buildings and facilities []	\$[]	\$
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets of securities of another issuer pursuant to a merger)	\$ []	\$
. Repayment of indebtedness	s []	\$
Working capital and general corporate purposes []	\$[X]	\$3,607,500.00
Other (specify): []	S []	\$
Column totals	s []	\$
Total payments listed (column totals added)	[X] \$ <u>3,607,500.00</u>	

5.

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) Medsphere Systems Corporation	Signature Date 12/20/06
• • • • • • • • • • • • • • • • • • • •	Tide of Signer (Francisco)
Donald M. Keller, Jr.	Assistant Secretary

Attention

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)